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IMPORTANT ASPECTS OF ADMINISTRATIVE REFORM IN THE FEDERAL GOVERNMENT ¹

WILL H. HAYS
Postmaster General

THE tasks ahead will measure the brain and heart of America. The guidance is in good hands. From the time of the nomination until now, I have discussed matters with President Harding in as serious a manner as men can talk, and of as important subject matter as can be discussed. President Harding possesses just those vital qualities of mind and heart necessary today and in the time ahead. His poise of mind, his soundness of judgment, his hold on fundamentals, his appreciation of the needs of today and of tomorrow, his love of the people from whom he came and of whom he is one, and his faith in them; his magnificent grasp of large affairs, his great native ability and his training in statesmanship, his regard for the opinion of others, his experience and success in the handling of men, his proper appreciation of his country's position as a responsible factor in the world's future, but with the fullest realization of the absolute importance of our own supreme nationalism, his sterling Americanism, his righteous character and manhood, and withal his thorough humanness, all qualify him in the most exceptional degree for his tremendous responsibilities. He will make a great President. The country will love him, trust him and follow him, just as all who know him love and trust him; and the world will honor him.

He is no longer the candidate; he is in no sense a partisan president; he is the president of us all—with enough democrats voting for him to give them a fifty per cent equity in him—and we may look with the most complete confidence to his performance. He means very, very much, indeed, to the country's welfare.

¹ A paper submitted and read by title at the Academy meeting in New York City, May 23, 1921, containing parts of an address delivered before the American Newspaper Publishers' Association in New York City, April 28, 1921, and supplementary material relating to postal savings.

General Purposes

I would not presume, of course, to violate the proprieties by in any way attempting to indicate the purposes of the administration. I can imagine, however, that if we were to refer to the future in this regard we may vision with hope and assurance the administration moving out immediately to make certain:

(1) An honest, efficient and economical business administration of the country's affairs.

(2) That there be immediately developed and executed a plan for the reduction and equalization of taxes, with the repeal of the taxes which kill initiative, and the spreading of the war debt over a great number of years.

(3) That there be developed a better relation between labor and capital, with justice to both and with justice to the public, the third side of the triangle, which must not be forgotten.

(4) That every possible step be taken to bring the government back to the limitations of the constitution in times of peace, with no undue federalization of industries and activities, with federal regulation but not federal ownership; preventing the further spread of socialism, and setting the nation's feet firmly on the path of progress and along ways which liberty and order must ever guard and preserve.

(5) That the administration will measure its steps forward by the new needs of the nation, with its eyes always ahead but with its feet always on solid ground.

General Reorganization of Executive Department

My own first interest, of course, is in the effort to improve the postal service. I have also a deep interest in the plan for a general reorganization of the whole executive branch of the government.

Referring first to the necessity of and the plan for a general reorganization of the executive department: Everyone is more or less familiar with the present organization of the government. We know we have ten great executive departments, each presided over by a member of the cabinet, but many are not familiar with the fact that there are more than 40 independent government establishments—such as the Federal Trade Commission, all of which carry on their work without the su-

perintendence of any cabinet officer—directly under the supervision of the President and Congress. This vast machinery, employing upwards of 600,000 persons, has not, unfortunately, taken its present form as the result of any careful, constructive planning on the part of Congress, but from its beginning in 1789 is the result of evolution—over a period of 130 years.

The principal defects in the present plan of organization are three:

First, certain of our executive departments have been given charge of a number of bureaus which have no relations to the proper functions of those departments. Take the Treasury department, for instance. The Treasury department was established to conduct the financial affairs of the government, to collect the taxes, to have custody of public funds, to pay the government's expenses, to coin money, to negotiate loans, and so on. But we now find in the Treasury department the coast guard, whose principal function is to maintain life-saving stations on the coast and on the Great Lakes—the supervising architect's office, which has charge of the erection and upkeep of federal buildings all over the country—the public health service, which is largely given over, at the present time, to providing hospital facilities for disabled soldiers and sailors—and the bureau of war risk insurance, which pays compensation to veterans and to dependent members of their families, and provides life insurance for ex-soldiers and sailors.

In the Interior department we find practically the same condition. The main purpose of that department was, originally, to administer the public domain, to supervise the sale and settlement of public lands, to watch over the government of our territories, to handle Indian affairs; in a word, to administer all federal matters relating to the great unsettled interior regions of the country. These problems have, of course, diminished in importance as the country has developed; and the Interior department has in more recent years become the repository of functions wholly without relation to its original purpose. The bureau of education is now in that department; also St. Elizabeth's Hospital, a government hospital for the insane located in the District of Columbia; Freedmen's Hospital, a government hospital for negroes; Howard University, a government school for negroes; and the patent office, and the bureau of pensions.

In the War department, whose function it is to maintain a fighting force for purposes of the national defense, we find a large number of the public works. That department has charge of public parks and certain public buildings in the District of Columbia; it annually expends upwards of \$50,000,000 in the improvement of rivers and harbors; it supervises the construction of bridges over navigable waters in all parts of the United States; it makes marine surveys of the great lakes, and publishes navigation charts of those waters; it determines and marks off anchorage grounds in New York harbor and in all other important harbors of the country. Among its many other military duties, the War department is charged with the care and maintenance of Niagara Falls. Obviously effective supervision and management, and a proper coordination of work, are impossible under an arrangement which, for example, requires the general administration of the public health service by a financial expert, a man selected wholly without regard to any ability he may have in the field of medical science.

The second principal defect which characterizes the existing organization is the location in different departments of agencies which ought to be closely associated. The coast guard maintains 300 life-saving stations along our coasts. The lighthouse service has about the same number of light-houses—many of them located within a few steps of life-saving stations. The coast guard is in the Treasury department, and the lighthouse service is in the department of commerce. Of course, they should be consolidated.

The public works or engineering agencies of the government, all requiring personnel of the same character, all doing work of the same general class, are widely scattered among the departments. I have already spoken of river and harbor improvements in the War department, and of public buildings in the Treasury department. The reclamation service is located in the department of the Interior, and the bureau of public roads in the department of Agriculture.

To cite one further example—a half dozen agencies of the government are now engaged in disseminating intelligence to the navigational interests of the country. Charts of the American sections of the Great Lakes are prepared and fur-

nished by the lake survey of the War department; charts of the Canadian sections of the Great Lakes and of foreign waters are furnished by the Navy department; charts of our Atlantic and Pacific coasts and of our territorial waters are prepared and furnished by the department of Commerce; storm warnings are sent out by the weather bureau, of the department of Agriculture; nautical almanacs are provided by the naval observatory.

It is not necessary to point out the numerous duplications of overhead, of plant, equipment and personnel, which unavoidably accompany this scattering of similar work among different departments.

The third principal defect in the administrative organization is the absence of adequate machinery for the control and management of the executive branch as a whole. To all intents and purposes the ten great executive departments function independently of each other; and all of the forty-odd establishments—not under any cabinet officer—conduct their business practically without any coordinating influence whatsoever. Under the Constitution the president is responsible for the management of the executive branch of the government, but, up to the present, Congress has not seen fit to give to the chief executive any machinery with which he can effectively discharge this responsibility. The president's staff consists wholly of a small number of personal secretaries and clerks. The time of this staff is taken up with the consideration of legislative business, the preparation of commissions, appointment matters, and so on. It is primarily this condition which has in late years given rise to the demand for a budget system, which among other things, would provide the chief executive with an agency through which he could coordinate the activities of the ten executive departments and the forty-odd independent establishments.

The administration proposes to eliminate these defects. You are familiar with the joint congressional committee on reorganization which has been appointed, consisting of three members of the House of representatives, and three senators, with an appointee of the President as chairman. Legislation authorized the addition of a personal representative of the President to the membership of this committee in order to insure the

necessary cooperation between the executive and legislative branches. The committee has, of course, an enormous task—one which will require many months for its completion. It has undertaken to make a detailed survey of the work of all branches of the government, and within the current year it is expected that the results of its survey will be incorporated in a bill and reported to Congress for action, with the approval of the President in advance.

Seven Suggested Changes

It would seem natural to expect:

First—The change of the name of the department of the Interior to department of Public Works, and the concentration in that department of all civil public works of the government, as well as all those services which have to do with the administration and utilization of the public domain.

Second—The establishment of a new department, the department of Public Welfare, to have charge of all bureaus and offices which handle relief work for the veterans of the war with Germany, including the bureau of war risk insurance, the federal board of vocational education, and the hospitalization division of the public health service. In this department would be placed also those bureaus which deal with health questions generally, with education and social welfare.

Third—The stripping of the Treasury department of all except its necessary and proper fiscal functions.

Fourth—The transfer of all non-military work from the War department and the Navy department to the regular civilian departments of the government.

Fifth—The enlargement of the department of Commerce and the transfer to that department of all agencies which have to do with the promotion of commerce and the protection of navigation.

Sixth—The establishment of a centralized purchasing agency to do the buying for all branches of the executive establishment.

Seventh—The creation of a budget bureau, to aid the president in the direction and control of the work of all executive departments and independent establishments, and in the formulation of a definite financial and work program for the government as a whole.

I do not want to leave the impression that the administration is standing behind this particular program, either wholly or in part, but some such changes would be natural and whatever plan is finally adopted, the reorganization will bring a material reduction in the overhead or contingent expenses of the federal establishment and an improvement in the quality of the service rendered the public.

The Postal Service

Now as to the postal service in particular:

The post office service is generally taken for granted like the sequence of the seasons. Men forget that it is a fact that the United States postal service is the biggest distinct business in the world. We have 300,000 employees immediately connected with the operation, with one hundred million customers. The annual turnover of the business in the Post Office department amounts to nearly three billion dollars, with an expenditure of six hundred millions annually. We have the largest express company in the world, handling nearly three billion packages last year; we have the largest savings bank in the world in number of depositors. The leading 15 savings banks in this country each pay four per cent interest on deposits except one, which pays 3.6 per cent. The postal savings pays but two per cent and there has never been any real effort to promote the business and we have approximately twice as many depositors as any other savings bank. Seventy-five per cent of the depositors are foreign-born or of foreign extraction, whose money would otherwise be in hiding. We have recently made arrangements with immigration officers at the various ports of entry in the United States for the distribution to the immigrants of circulars and leaflets in appropriate foreign languages. This is of some moment in the education of new citizenry. There is twice as much postal business done in New York City alone as in the entire Dominion of Canada. The postal receipts in the New York office have increased 289 per cent since 1912 and there has been no increase in postal facilities since that date. Every hour in the day the post office department handles an average of 1,700,000 letters. During a recent strike in Chicago there was delivered to one firm in one day over 15,000 packages of merchandise, averaging 58 pounds each, a total of 870,000 pounds, or 435 tons.

There were 76,913,779 pieces of registered mail last year; there were 95,384,808 pieces insured and 20,098,527 C. O. D.'s. The total number of separate stamps, cards and envelopes sold last year was 16,662,256,609, with a daily average of 54,451,818. There were over 150 million domestic money orders, amounting to more than $1\frac{1}{2}$ billion dollars, with payments approximating the same amount, making the total money-order business more than $2\frac{1}{2}$ billion last year.

The international money-order business with foreign countries suffered during the war, of course, but nearly 2,000,000 international money orders were issued, approximating \$33,000,000 in value, and $1\frac{1}{2}$ million were paid totaling more than \$25,000,000.

In this connection I might remark that as an adjunct to the campaign for increasing our trade with South America, international money orders may now be exchanged with many of the South and Central American countries, and negotiations are being now conducted with the postal administrations of all the others, and it is expected that very soon it will be possible for American exporters to receive payment for their goods wherever shipped in South America by postal money orders payable in dollars at their local post offices.

In this connection, too, I might suggest that I hope it will be possible to induce the commercial interests or the chambers of commerce to send delegates to the Pan-American Postal Congress at Buenos Aires next August to help develop this.

We have this month caused a resumption of the mail boat service in New York harbor whereby mails from abroad are removed from the steamships at quarantine and delivered at the postoffice or railroad stations in New York, preventing the delay that would otherwise occur where the mails are kept on the steamships until the vessels come to the piers next morning. Also, provision has been made to give the New York public the benefit of mailing correspondence up to fifteen minutes of sailing time.

We have now under consideration the inauguration of a sea post service. The fact is that now with the conclusion that has been reached of the arrangements for sending mail to Soviet Russia, the foreign mail service is nearly again at normalcy.

The railway mail service is of course the one chief transportation agency and the mileage is over 280,000,000 miles annually in which distribution is performed, with an additional 90,000,000 miles annually of 60-foot storage cars.

The growth of the parcel post and the natural increase in the postal business has made our facilities in many places entirely inadequate, but this will be corrected as fast as possible, consistent with the general financial condition.

The air mail service is not generally recognized. The air mail service is desirable per se, but I believe that the basic value of an air mail service is its potentiality as a second line of defense in case of necessity. The air mail service of the Post Office department is a most consequential aero activity. The transcontinental route and the laterals are all in daily operation. These require 6,866 miles of flying each day or 2,059,000 miles per year for 300 working days. There are 4,800 pounds of mail or 192,000 letters carried each day with 24 different airplanes and pilots participating daily. Sixty-five planes are kept in readiness and 35 are daily undergoing repairs. We have a force of 55 pilots and 400 mechanics, with 21 landing fields approximately 200 miles apart, constituting the only operative continental airway in the world. These fields are linked by leased telegraph and radio services and divided into five operating divisions, with an average of 75 miles each in one-way distance.

The accomplishment of our air mail service has been very much greater than that of any other country. As indicated above, I think it has great value per se. It is my opinion, however, that there should be a closer connection between the air mail service and the air service of the war and navy departments and we have moved to that end in a very definite way.

The new radio service was opened on April 22, to furnish expeditious information to citizens living in the more isolated agricultural sections. The Post Office department sends by radio this information, which is compiled by the bureau of markets and weather bureau of the department of Agriculture, at practically no expense to the government through the utilization of a chain of radio stations constructed to provide rapid means of communication for the air mail service. The remote

agricultural sections particularly are benefited just as they are by the extension of the rural free delivery, which shall continue.

Employee Welfare

You have probably all heard of the effort which we are undertaking to improve the conditions of the employees. It has been my very earnest purpose to watch for reasons and to take advantage of opportunities to publicly express approval of what has been done in the Post Office department in the past. There are many reasons. It must be remembered that the postal service in every country in the world broke down during the war except in the United States, where our service suffered as little certainly as any other business in this country. There were no embargoes on mail or parcel post. In spite of a loss of a large per cent of efficient help and the taking on of nearly 40,000 untrained men and women, the postal service continued to function. It was really a magnificent performance and entitled to the very greatest credit. I do believe, however, that in the matter of the relations between the men in the service and the government there can be much improvement. The one most important element in any service is the spirit of the men doing it. And we must get away in the post office service from any idea that labor is a commodity. I would reiterate the suggestion that that idea was abandoned nineteen centuries ago.

I am determined in all seriousness to go to great lengths to develop the idea in the department that we are 300,000 partners. The working conditions, in many places are unsatisfactory and a large amount of work must be done in that direction. There is no doubt about the quality of our employees. They have the brains and they have the hands to do this job well, but some place along the line the heart has been lost out of the works.

New Welfare Department

We are going to have a welfare department just as definite in its duties and certain in its functioning as the fiscal department or any other department. It will be in charge of an individual competent to look after it, doing nothing else. Every other large industry in the country has adopted welfare meas-

ures. This humanizing business is not original. It has been the definite trend of American business for the past generation. Just how far I can go with it in the Post Office department I don't know but it is certain that very much can be done and not in any sense in lieu of wages. All the things that are done successfully for the welfare of the employees in other successful business must be done as far as possible in this the greatest of all businesses. Why it has not been seriously gone after before in the Post Office Department I don't know. It is certainly one of the very definite purposes of the days just ahead. If we can improve the spirit and actual conditions of the 300,000 men and women who do this job, that in itself is an accomplishment, and it is just as certain to bring a consequential improvement in the service as tomorrow's sun.

Service not Politics

I have said and I reiterate in the dignity and responsibility of this presence, that it is my opinion the postal establishment is most certainly not an institution for profit nor for politics, but an institution for service; and it is the President's most earnest purpose to improve that service. You can't expect men and women to give service if they are to be shuttlecocks of politics. It would be my very greatest satisfaction if in this effort I contribute a little to the end that the postal service be made more and more a desirable career into which the young enter with a certainty that their service will be performed under reasonable conditions for a reasonable wage and for an appreciative people. The men and women who constitute the great army of employees are doing a distinct government and public service and they are entitled to an appreciation commensurate with the efficiency and importance of that service. The first element of a proper appreciation is to make certain that honest and efficient service shall be honestly recognized and that the merit system shall control without any subterfuge under any circumstances whatsoever. I have said, and I repeat, that my purposes are: first, to make such rectifications as in all decency and fairness must be made to assure a square deal. Second, to strengthen and broaden the civil service at every point wherever possible to the end that merit may govern. Third, with absolute fidelity to put the

entire service upon a purely business basis so sound and so serviceable that no political party will ever again dare attempt to ignore or evade it ultimately.

Protection of the Mail

I have been astounded at the facts which I have discovered relative to mail robberies. The truth is there have been in the last year 33 major robberies with a known loss of \$6,204,000, and a known recovery of \$3,030,000. In the Chicago district alone in the last fiscal year there were 90,000 complaints of the loss of mail. This is an intolerable situation. The responsibility is not in any sense on us for the past, but I do say the responsibility is ours to stop these outrages. The public has never been apprised of these facts, on the theory, I assume that robberies might thereby be encouraged. I have taken the other position and I am determined to correct the situation. In the handling of thousands of millions of pieces of mail yearly the government has a sacred duty and the duty applies to the smallest postal card from the humblest citizen as much as to the shipment of bullion and millions in gold, and no more so.

We assume the mail is the one most inviolate thing in the country and it must be kept so. In an effort toward this end we have obtained from the War department 16,000 automatic revolvers, a million rounds of ammunition, and several hundred riot guns, and are arming all the essential postal employes. In addition we have offered a reward of \$5,000 to anyone, in or out of the service, who will bring in one of these mail robbers and declared that every man would be expected to uphold the honor of the service. We simply have to go back to the old Wells Fargo days and shoot to kill and we are going to do it.

The Joint Postal Commission

I want at this point to interject a word of most earnest commendation of the purposes and performances and the future great value of the joint postal commission now at work in Washington. This consists, as you know, of five Senators and five Congressmen, with a citizens advisory council of seven. Senator Charles E. Townsend, chairman of the Senate Post Office Committee, is chairman of this commission, and Con-

gressman Steenerson, chairman of the House Post Office Committee, is vice-chairman of this commission. There is the closest relation between their activities and the department. They have sufficient funds with which to prosecute their investigations and are men of very great experience in postal affairs. They have employed efficient engineers and accountants. We have assigned from the Post Office department many experts for their use, and I am confident that when the work is completed there will be plans developed which when put into execution will go far toward materially helping the situation. We are making this commission the executive committee of the department, and the entire membership of the Senate and House Postal Committees are a board of directors. There is the most cordial relation and cooperation obtaining. I have learned that heretofore there has been a feeling that the department has not been inclined to deal openly and frankly with the lawmaking branch of the government. Of course, there is no excuse for this. The work which is being done by this commission is invaluable to the department and I cannot too strongly commend it. It is the biggest factor for good in our situation.

Second Class Mail

Finally, our present chief concern is with what are known as second class mails. I suppose that it is necessary to have such classifications, and to reckon as first class the mails which pay the highest rates of postage. Yet I am sure that no mail matter is of more first class importance than newspapers and periodicals. Consider, if you please, the magnitude of it. The periodical press of the United States sends out more than two hundred million—probably two hundred and fifty million—copies of each issue. Of course, not all go through the mails. But a large proportion, perhaps the major portion of them, do. Millions and millions of newspapers, every day. Other millions of papers and magazines every week. Still other millions of periodicals every month. And then, for each million periodicals going through the mails, there are four or five million readers—really, we shall be presently dealing in numbers which will deserve the attention of Professor Einstein with his theory of relativity as applied to the bounds or the boundlessness of the universe.

Now all these are dependent upon the mails; and at least so far as the daily newspapers are concerned they are thus dependent to a degree which makes them worthy to be reckoned as of first class importance. For the one unpardonable sin of the post office is not to deliver the daily paper on time. If it is merely a letter, a bit of so-called first-class mail matter, which doesn't show up when you expect it, why, perhaps the other fellow didn't write it on time, or perhaps he carried it about in his pocket a few days before mailing it. I have been credibly informed that some very estimable ladies have charged their husbands with such nefarious practices. And, of course, we of the post office department are always glad to recognize the plausibility and the probability of such an explanation. It lets us out.

But with the newspaper mail, such excuses don't go. We all know that the newspapers go to press on time, that they get off the press on time, that they are delivered to the post office on time, and that therefore if they do not reach their subscribers on time the fault lies not with the publishers but with the post office department.

And generally speaking, that's so. I'm not going to dodge the responsibility. There's no use in dodging when the dodging isn't good. There are no doubt some cases in which the forms of a paper are held open, to get in a report of somebody's after-dinner and after-midnight speech, until it is too late to get it off the press in time to catch the early mails. But such cases are few and far between, perhaps because of the fewness of after-dinner speeches that are worth the sacrifice. Much more numerous are the cases in which, though delivered to the mails on time, the papers fail to be delivered to their subscribers on time.

Such delinquency or delay is, moreover, more serious and aggravating, generally, than in the case of letters. Of course, some letters are of urgent importance; but the newspaper is preeminently a thing a man wants when he wants it, and if he can't have it when he wants it, he doesn't want it at all. But he is going to find out why he doesn't get it. Why, a last year's bird's nest simply isn't in it with a newspaper that has arrived late.

Now you see, in wishing to speed up the postal service for

periodicals I am looking out for my own peace and comfort, for when there is a delinquency in dealing with so-called first class mails, or with parcels post, there is always a fair chance of placing the blame upon the other fellow. But when second class matter goes astray, when a newspaper bundle intended for Hohokus is delivered at Kalamazoo, I and I alone am the goat.

That is why I am particularly desirous of improving the operations of the Post Office department; that and the incidental reason that we want to serve the whole public as efficiently as possible. That is why I want to bespeak the sympathy and forbearance of the Newspaper Publishers' Association and also their active cooperation in a task in which we are all deeply interested. It is a task, too, in which success is attainable only through such cooperation. For, believe me, the task is gigantic. Marvellous indeed would it be if a service were rendered impeccably, with never a hitch, never a miss, never an error. But this is an age of marvels, and it may be that we shall produce one, through the application of that cooperation, that teamwork, which is the true magic wand.

Now in soliciting such team-work, don't imagine that I am trying to dodge all fault-finding, and to decry all criticism. There is nothing more helpful than criticism, rightly designed and rightly applied. But there are two ways of using bricks. You may throw them at a fellow, in which case, if they hit him they not only hurt but they are pretty sure to interfere with his work and to make it worse than ever. On the other hand, you may use them in helping to build the structure on which he is engaged, in which case you help him and you serve yourself by helping him to serve you.

There is nothing, then, that the Post Office department welcomes more than constructive criticism. If anything is going wrong, we want to know it; and in the majority of cases about the only way we have of knowing about it is through being told by those who suffer the grievance. It is only when we know about it that we are able to correct it. So the simple reporting of defects is to some extent a constructive service. But it is a still better thing to group together, in Cato's phrase, the bane and antidote, and while complaining of the error to point out the method of correction. For it often happens that

the man who is served knows better how he should most satisfactorily be served than does the man who serves him. I don't mean that every man, as is sometimes said, knows everybody's else business better than he knows his own; nor yet that any man should look to others to tell him how to run his business. But I do mean that no man, not even the youngest and freshest graduate of an efficiency school, should be above learning from others, and especially he should not be above taking hints from those who are directly interested in the very business that he is engaged in, only at the other side of the table.

Now, my colleagues and I are interested in making the postal service just as efficient as it can possibly be; and while we are aiming at such an achievement in all departments, we certainly give precedence to no other over that which has to do with the newspaper and magazine publishing trade. And, of course, the gentlemen of that great trade are equally interested, though in a different way, in having us do that.

I don't know what service the publishing trade or the public generally can render me, in suggestion or advice. If I did know, I wouldn't need the service, for I could do it myself. You needn't hesitate to do so, for fear that it will be regarded as intrusive. I'm telling you here and now that it will be welcomed; and I'm warning you that it will be merely a reverse application of the Golden Rule. You will simply be doing to me what I purpose to do to you if ever and whenever there is occasion.

Early Mailing

Here is an illustration of what I mean: The other day on a visit to the Washington post office I discovered that they received 700,000 letters per day, 600,000 of which were deposited between four and seven o'clock in the afternoon; that 90 per cent of that impossible peak was circular matter which could be mailed any old time, and that 76 per cent of it all was government mail. An inexcusable condition. After we cleaned our own house I took the liberty of suggesting to business men generally, to all who send out many letters, that they deliver their mail matter to the post office as fast as possible, instead of letting it accumulate hour after hour until just before clos-

ing time and then dumping it all upon us in a mass. You can imagine, if your able-bodied imagination is in good working order, what a howl there would be, and what a howl you yourselves would raise, and would very properly raise, if the post office held your mail all day and then delivered the whole day's accumulation to you in a bunch at the close of office hours. Instead of that, we send it out to you every hour, or every half-hour. Well, it's a poor rule that won't work both ways; and I do hope that not you, of course, but the other business men of whom I was speaking, will appreciate the fact that it is more blessed to give than to receive; or at least that it is just as blessed to deliver mail to the post office hour by hour as it is to receive it hour by hour.

It is working in Washington and the postmaster has been able to change thirty-two men already from night to day work because of the relief, and it is succeeding elsewhere as certainly.

I think that it was legitimate for me to make this suggestion to business men, because it was obviously for their own good as well as for the convenience of the post office, and it will be equally legitimate for you or any business men to make suggestions to the post office department for the facilitation or the expedition or in any way the improvement of the service. In one important respect your work and mine are very much alike, and that is, in their intimate relationship to the whole people. Wendell Phillips said of the newspaper that it is "school, counsellor, church, all in one; every drop of our blood is colored by it." And in that there is little if any exaggeration. The newspaper and periodical press enters into every home in the land, and has its influence upon every individual. Well, just so the post office department enters practically every home in the land, and serves every individual. There is no other department of government that so generally, so universally, comes into direct contact with the people; not even the income tax collector, for there are those whose incomes fall below the minimum limit, but the man who does not at some time during the year send something or receive something through the mails, is indeed a rare specimen.

Postal Savings System

It is very certain that the postal savings system must be reformed. With a treatment of depositors that has amounted almost to fraud, with the number of offices receiving deposits reduced from 12,823 in 1912 to 6,314 in 1920, and with no real effort to secure deposits, the postal savings nevertheless has practically twice as many depositors as any other savings bank in the country and pays less than half as much interest on deposits. Over seventy per cent of postal savings depositors are foreign born or of foreign extraction, many trusting no one but the government of the United States. In all foreign countries the number of depositors in savings and other banks is in direct proportion to the attention given postal savings and the number of postal savings depositors.

With 161 millions on deposit last year from 508,000 depositors, and with the law providing that two per cent interest be paid, the government because of the system paid less than one and one-half per cent interest to these depositors and by redepositing at two and one-half per cent made a net profit over all interest payment and expenses of \$1,720,000.

This was sheer profiteering. This money belonged to the depositors. The certificates issued unequivocally pledge two per cent interest and fail to say anything whatever about no interest being paid if the deposits are not left a year. The government is not in the banking business for profit. The government is in the banking business to facilitate and increase the national savings and to promote economy and thrift. The postal savings has not scratched the surface notwithstanding the magnificent conception of public duty that inspired its founding.

Postal savings shall not compete with savings banks. We do not want depositors from savings banks. But there is a tremendous hoarded wealth in the country estimated by many well informed at a billion dollars. The savings banks cannot bring it out. The postal savings has not yet brought it out. Nothing can bring it out but the faith in the security of the government of the United States and a larger interest return on the deposits and the acquainting of the holders with our purpose and their opportunity. This we hope to do. This money is needed in circulation now. If a billion dollars can

be brought out of stockings and closets and saved from waste and "wild cats," it will do incalculable good. It will make general bank depositors and ultimate government bond owners out of the timorous; it will give small capital a chance for an honest return the same as large capital; it will furnish the tonic to conclude the business convalescence in the country and will help make economy and thrift a national trait much needed.

We believe this can be done. First the government must stop profiteering and the interest rate should be increased from 2 to 3 per cent, with a compensatory rate charged the banks where the funds are redeposited. The method of computing the interest should be reformed so that the depositors shall receive interest on funds held less than one year. Joint and trust funds should be allowed and the youth limit should be removed. Savings should be received at fifty thousand instead of 6300 post offices and fourth class postmasters should be fairly compensated for handling the business. The funds should be redeposited in the local banks where collected and a more liberal arrangement perfected for depository banks to qualify. And the system should be reorganized at the top with an enlarged board of directors into which the Federal Reserve Bank may be brought.

There is a lot of business in this country that is really sick, still staggering with the shell-shock of war and the debauch of extravagance, but there is a good deal more that is merely malingering. What we need more than anything else is the common sense of courage and confidence. There is, of course, the greatest era of expansion and prosperity ahead that the world has ever seen. Everyone knows this and the only question discussed is when it will start. Well, it's time to go out and meet it. This we propose to help do.